

~~TOP SECRET~~
~~CONFIDENTIAL~~

21 May 1954

MEMORANDUM FOR: Deputy Director (Intelligence)

SUBJECT: New East-West Tension in Austria

Since the Berlin conference, relations between the Austrian government and the Soviet occupation authorities have been steadily deteriorating. In a continuing atmosphere of Austrian frustration with the results of the conference, a series of incidents between Soviet authorities and the Austrians have occurred on both the local and the national government levels. These culminated in the incident of 17 May when the Soviet High Commissioner called in Austrian Chancellor Raab for a scathing rebuke on the score of alleged anti-Soviet activities by his government. This incident was followed by a strong American statement issued in Vienna on 20 May in the name of Secretary Dulles. The developments in this situation are described below.

1. On 15 March Soviet high commissioner Ilychev called on Interior Minister Helmer and demanded the removal of a People's Party election poster which was on display throughout Austria. The poster included a caricature of Soviet foreign minister Molotov and criticized his veto of the Austrian state treaty. Chancellor Raab and the Austrian cabinet backed Helmer's order to local Austrian police authorities to resist all pressure from the Soviet kommandaturas for removal of the posters. For over a week the controversy received wide attention in the press and the Soviet authorities were, in most cases, unable to compel compliance with their repeated demands that the posters be taken down. The Austrian moral victory was limited only by Chancellor Raab's reluctance to protest the Soviet action to the Allied Council. Although a letter for this purpose was drafted by Helmer and approved by the cabinet, Raab delayed sending it to the Allied Council meeting on 23 March so that it could not be discussed at that time.

2. During March and April the Communist press and radio continued their propaganda against alleged plans for a new Anschluss with West Germany. They attacked,

State Dept. review completed

~~TOP SECRET~~

Document No. <u>13</u>
No Change In Class. <input type="checkbox"/>
<input type="checkbox"/> Declassified
Class. Changed To: TS S <u>C</u>
Date: <u>10 July 78</u>
By: <input type="checkbox"/>

~~TOP SECRET~~
~~CONFIDENTIAL~~

at every opportunity, any Austrian development which could be interpreted as increasing the country's association with Germany or with the West--for example, the Austrian parliament's consideration of a request for membership in the Council of Europe; the endorsement of EDC by Socialist delegates to the International Socialist Congress in Brussels in March; and the visit to Austria in April of the German "war criminal," Marshal Kesselring, even though the Austrian government clearly showed that his presence was undesirable.

3. Soviet representatives in the Allied Council took a similar line in the 30 April meeting and vetoed: (a) the accession of Austria to the Geneva convention concerning the status of refugees on the grounds that it contravened the Control Agreement; and (b) an ordinance by the Ministry of Interior abolishing visas for Western European nationals, including West Germans



25X1

4. Soviet propaganda has also suggested an extreme sensitivity to any Austrian and Western plans for training of the Austrian gendarmeire as a cadre for future defense forces. The USSR is undoubtedly aware of the existence of such a force and probably knows something of current plans for its expansion.



25X1

25X1

In the 30 April Allied Council meeting the Soviet element emphatically refused to permit any Austrian Civil Air activities, including a rescue squad of five helicopters, partially on the ground that it would permit Austria to train military pilots.

5. Soviet authorities have been particularly sensitive to the appearance, in areas of troop concentration, of Russian language pamphlets calling on soldiers to desert from the Soviet army. On 2 April the Soviet High Commissioner strongly protested the leaflet distribution to Chancellor Raab and warned that local Austrian police would be held responsible if they continued to appear. Austrian authorities are convinced

~~TOP SECRET~~
~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

that the leaflets originate from an agency of the United States Government and have urged Embassy officials to stop their distribution lest some Austrians suffer from Soviet reprisals.

6. On the morning of 17 May Soviet High Commissioner Ilychev summoned Chancellor Raab and Vice Chancellor Scherf to Soviet headquarters where, with his deputies for political and military affairs present, he proceeded with a lengthy condemnation of the Austrian government. He charged that: (a) the coalition parties--particularly Interior Minister Helmer and a "lying and provatative press" had displayed an intensified hostility toward the Soviet occupation; (b) Helmer, with the tolerance and encouragement of the government, had taken advantage of the relaxation of interzonal controls to smuggle militaristic and anti-Soviet literature into the Soviet zone; (c) the Austrian government had supported fascist and militaristic veterans rallies at which the "fatal Anschluss doctrine" was promoted; (d) the Austrian government, by its "hostile activities" had violated four-power agreements which remain in effect until an Austrian state treaty is signed. The atmosphere was an extremely hostile one, and the Chancellor was refused the opportunity of discussion. He was not even given a copy of the Soviet statement, which he requested. The text was released immediately afterward without notification to the Austrian government, an unprecedented step.

7. The Chancellor issued an immediate reply denying the Soviet charges in relatively mild tones and fully endorsing the policies of the minister of interior. The cabinet session on 18 May approved Raab's press release and scheduled a parliamentary debate on the subject for the following day. Coalition party spokesmen in parliament added their rejections of the Soviet charges to the earlier government statement. The non-Communist deputies walked out in a body with resounding "pfuis" when the Communist deputies rose to defend the Soviet actions.

8. Austrian government leaders seemed convinced, however, that the Soviet attack could be handled with a moderate but firm rejection of Soviet allegations. Helmer, in talking to American Embassy officials, did not seem unduly concerned over the situation. Although

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

considering it too early for an adequate appraisal of Soviet motives and intentions, he believed that evidence indicates that the Soviet outbursts have had essentially local causes, such as unrest among the local troops and pique at "little Austria's" defiance in contrast with the alleged deference of certain "great powers" to the USSR at Geneva.

9. Helmer also noted that the Soviet action may have been timed in coordination with the party congress of the Austrian Communists from 13 - 16 May, at which a number of charges similar to those of Ilychev were made. The Communists called for an abandonment of Austria's current neutrality policy and demanded that Austria adopt a policy against German remilitarization and European integration. This is the first time that the Austrian Communists have demanded that the government go beyond "strict neutrality."

10. The American Embassy on 18 May issued a short statement of its own rebutting Ilychev's charges of the previous day. On 20 May it released a longer statement by Secretary Dulles deploring the Soviet action in much stronger terms, calling for discussion of the Soviet charges at the next Allied Council meeting on 28 May. Both statements met with the warm approval of Austrian leaders and the press. French officials also generally approved the American moves.

11. The British Foreign Office, however, opposed release of the Secretary's statement on the grounds that the USSR was not planning any serious trouble in Austria and the publicity derived from additional press discussion would play into Soviet hands. Britain particularly opposed discussion of the subject at the Allied Council to discuss the subject because it believed [redacted]

25X1

[redacted] that airing these in the Allied Council would not be to the West's advantage in their view. It also believed that Austria's public opinion would object to the seeming use of Austria as a "counter in the East-West barrage."

.

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

The primary motivation behind the Soviet attack on 17 May appears to be the Kremlin's ever-present concern over real or imagined threats to its security, in this case stimulated by what it regards as Western anti-Soviet activity in Austria, coupled with Vienna's growing spirit of independence.

Since the USSR is probably aware of the planned build up of Austrian army cadres and French nervousness on this score, they may be trying to bluff the West out of such plans. The USSR may also be aware of Allied and Austrian plans to propose a permanent Five Power conference on Austrian problems, and may wish to forestall any such move. A probable secondary factor is the evident desire of local Soviet officials to appear in Moscow's eyes to be in firm control of the Austrian situation.

American officials in Vienna believe that, in the present incident, the USSR may be prepared to go as far as partial or general reimposition of zonal check point controls and to attempt to exercise greater pressure or control over the Austrian police. They doubt, however, that the Kremlin is prepared to take measures which would result in a crisis of major proportions in Austria. While the Kremlin may be inclined to initiate measures to safeguard its security, a renewal of border controls would do serious injury to the facade of Soviet reasonableness in Europe. There is no other indication that the Soviet authorities are preparing to take such action.

The possibility cannot be excluded that the increasing Soviet toughness in Austria foreshadows a new emphasis in Soviet tactics generally. The harder and more confident tone of recent world-wide Soviet propaganda, however, has not as yet been accompanied by corollary action in Europe. Austria, since the Berlin Conference, has been the only European area of continued Soviet harassment.

The Austrian government may be expected to follow American leadership in this situation and to develop its policies in a firm but moderate way without unduly antagonizing Soviet authorities. The reluctance of Britain and France to follow the more forceful American line will probably continue, though not to the extent of their refusing support in a showdown in the Allied Council.

HUNTINGTON D. SHELDON
Assistant Director
Current Intelligence

~~CONFIDENTIAL~~